

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

B= Scholarship Program
C= Educational Institution
D= Country
x= Number

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated May 11, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program, which is referred to as B. The purpose of B is to provide scholarships that meet the requirements of section 4945(g)(1) to pursue studies at the undergraduate level at an accredited educational institution, C.

Candidates are chosen from any applicant to C who are from D. When C receives applications from students located in D, the applications are forwarded to your selection committee. All students from D applying to C are considered, provided that no individual related by blood, adoption, or marriage to any member of the recommendation committee or any disqualified person as a first cousin or nearer relative to your organization. There are currently x students from D that attend C.

You will provide only undergraduate scholarship grants. You plan to award five scholarships annually for varying amounts dependent upon your net income and the need of the student. The number of scholarships awarded may change in the future dependent upon your net income.

Scholarships will be available to students from D who are accepted to C. After acceptance, the student's financial aid application is forwarded to the recommendation committee. The student must have a 3.0 GPA or above. Additional considerations include proficiency of scholarship work, character qualifications, future promise of the student, overall contributions to the student's school, and overall financial need for the student, as indicated on the financial aid application.

The recommendation committee is composed of two individuals who are employees of C who are appointed by your trustees. C refers potential recipients to the recommendation committee. The recommendation committee reviews financial aid applications of potential recipients and makes recommendations of who should receive the scholarship to your trustees. Your trustees then make the final decision on which recipients will receive the awards.

Scholarships will be paid directly to C. You send a letter to C, instructing them to refund any unearned portion of a scholarship if a recipient fails to meet any condition of the scholarship program. The letter also instructs C to notify your trustees if any term or condition of the scholarship program is not met.

You will retain information and documentation records of recipients of scholarships.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, EAempt Organizations
Rulings and Agreements